

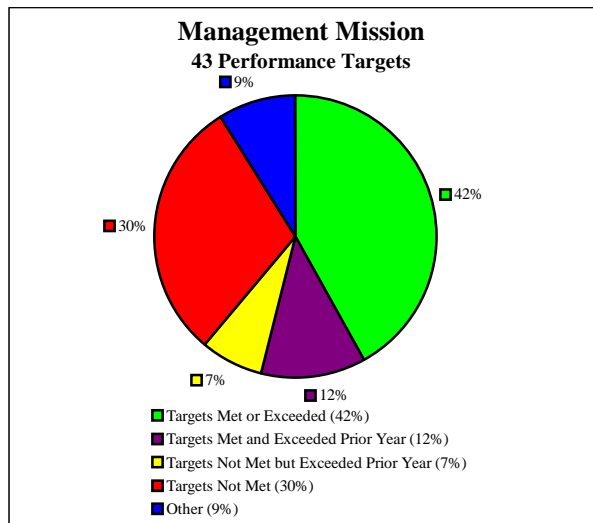
MANAGEMENT MISSION AREA SUMMARY

MISSION: Continue to Build a Strong Institution

This mission area focuses on the continued emphasis of a strong and efficient organization in order to effectively accomplish our programmatic goals, and affects all bureaus and policy offices. This mission area includes human resources management, equal employment opportunity, financial management, information technology, procurement, and Departmental bureau oversight responsibilities.

Performance improvement initiatives were implemented in several areas, including financial, information, and human resource management, as well as customer service.

FY 1999 Highlights:



Goal: *Improve Management Operations*

- Treasury undertook several efforts to improve management operations throughout the Department. We used private sector marketing expertise and state-of-the-art recruitment techniques, including using the Internet, to improve the Department's capacity to attract and retain talented staff. Treasury installed the Information Technology Investment Portfolio System (I-TIPS) to aid IT investment management at both the Department and bureau levels. And we continued using the Performance Reporting System (PRS) to access the accuracy and timeliness of status information on key bureau performance measures throughout FY 1999.

Goal: *Improve Program Performance*

- Treasury continued improving program performance by initiating customer service improvement programs and modernizing operations. The Internal Revenue Service (IRS) has increased the use of its award winning Internet site (The Digital Daily) for disseminating tax information and forms. The IRS also continues to expand its electronic filing and payment options for taxpayers. The Mint has improved customer service by offering numismatic products for sale on their redesigned website. They processed 244,219 Internet orders for Mint products and generated \$15.6 million in sales revenue in FY 1999.

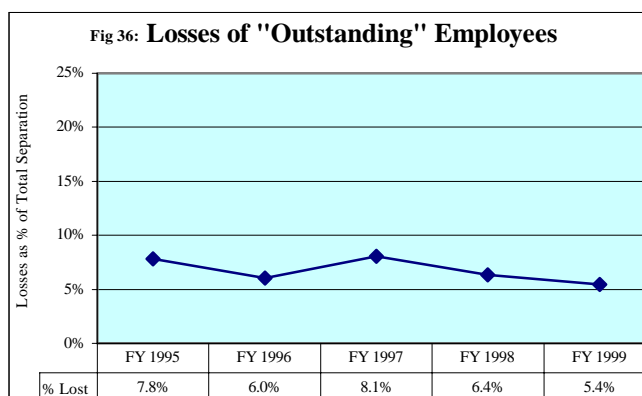
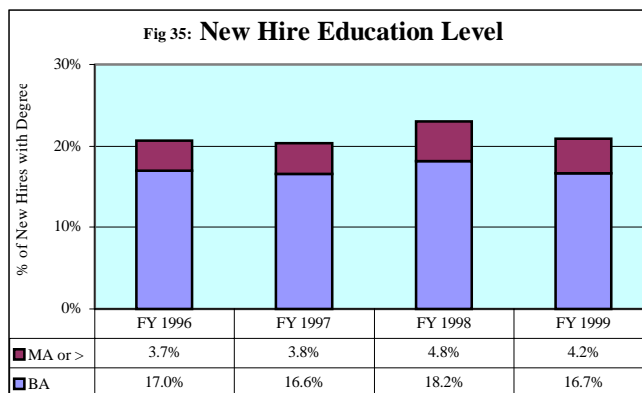
Treasury Objective: Improve the Capacity to Recruit, Develop, and Retain High-Caliber Employees

Key Trends:

Measuring the capacity to recruit, develop and retain an effective staff is not clear cut, but several indicator trends may provide some sense of Treasury's progress in this area.

Under the assumption that education levels positively correlate with performance potential, the percentage of college-educated new hires may be viewed as a gross indicator of recruitment success. For Treasury, this indicator has been relatively stable over the past four years with roughly one fifth of all hires possessing at least bachelor degrees (see Fig. 35). An indicator of retention success is the percentage of employees that leave the Department that were rated as "outstanding" during their most recent performance review. The general trend in this area has been positive (see Fig. 36).

Factors affecting this objective include the changing nature of the civilian labor force, including expanded employee expectations (financial incentives, cutting-edge work, development opportunities, state-of-the-art tools of the trade, and improved facilities), and fierce competition for the best and the brightest across Government and the private sector.



Treasury Programs:

Treasury is a complex organization with 150,000 employees working in various bureaus whose missions range from administering and protecting the Nation's financial system, to ensuring the safety of national and world leaders, to training law enforcement professionals and fighting crime. Recognizing that the achievement of its operational goals is intimately tied to the quality of its workforce, Treasury is taking advantage of private sector marketing expertise and state-of-the-art recruitment techniques, including using the Internet, to improve the Department's capacity to attract and retain talented staff.

• USING PRIVATE SECTOR EXPERTISE

The Internal Revenue Service (IRS) recently developed a recruitment strategy that includes a sophisticated recruitment/marketing campaign, targeted campus presence and a streamlined hiring process. A private recruitment firm is working with the IRS to develop web-based advertisements that will be delivered via targeted media placement. In addition, IRS will expand its current use of the Intranet/Internet to accommodate web-based application/hiring processes and to provide attention-getting links to highlight recruitment events/advertisements.

Department of the Treasury - FY 1999 Program Performance Report

Several bureaus have contracted with professional advertising agencies to assist in aggressive marketing campaigns. Recruitment efforts are targeting schools, publications, and other audiences known for state-of-the-art technical expertise. For example, the Secret Service is "seeding for the future" through public service advertising to schools, providing messages about characteristics needed for employment (e.g. integrity, discipline, etc.).

Other bureaus have contracted with private search firms for assistance in filling executive level and hard-to-fill positions, and have used outside advertising agencies to design and manage job advertising campaigns in print media.

- ***RECRUITING ON THE INTERNET***

Most bureaus offer information on employment opportunities on their websites, including application instructions and specific job announcements. In some cases, such as the Departmental Offices, applicants can now apply for positions electronically.

This past year, The Bureau of the Public Debt has used various job-recruiting services on the Internet to advertise and recruit for Financial Systems Analysts and Computer Specialists.

The U.S. Mint broadened its presence on the web by participating in a variety of job sites and is implementing a state-of-the-art software system designed to capture passive applicants who visit the Mint's highly successful website.

- ***QUALITY RECRUITMENT AND ADVANCE PLANNING***

Over the past two years, Customs has developed a Quality Recruitment Program for hiring entry level Customs Inspectors, Canine Enforcement Officers, Customs Pilots, and Customs Air Enforcement officers. The program was designed to meet demands for a systematic approach to filling jobs that will result in a quality workforce and ensure the highest standards of office integrity.

Quality recruitment has generated a major shift in recruitment strategy from one of local recruitment and placement for immediate needs to one of advance planning and national recruitment to establish a pipeline of quality candidates. National recruitment specialists have been identified and trained. With the use of recruitment toolkits and national recruitment strategies, targeted recruitment strategies will continue to attract diverse and skilled applicants. In FY 1999, Customs quality recruitment program for entry level Customs Inspectors and Canine Enforcement Officers processed 48,000 applicants of which a total of 482 selections were made.

Department of the Treasury - FY 1999 Program Performance Report

FY 1999 Accomplishments and Results:

Following is a report on the performance targets in Treasury's FY 1999 Performance Plan related to this objective:

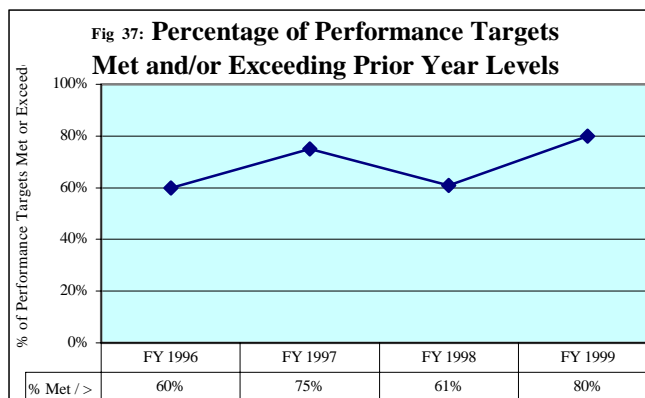
<i>Departmental Offices Performance Goal: Reengineer the human resources system to provide better support to Treasury missions.</i>			
Begin Implementation of the Human Resource (HR) System Prototype Bureau with Remaining Bureaus to Follow	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	2 bureaus	5 bureaus	5 bureaus
<p>Explanation of Measure: Treasury is transforming its human resource management processes by implementing a new integrated personnel and payroll system called <i>HR Connect</i>. Using state-of-the-art technology, this system will streamline and reengineer human resource processes, support collaborative approaches to Department-wide needs, and provide each bureau with the flexibility to accomplish its unique mission.</p> <p>The Department is taking a phased approach to bringing the bureaus' human resource capabilities online via <i>HR Connect</i>, and the relevant performance measure tracks progress in that regard. The measure tracks the total number of bureaus initiating implementation of the HR system.</p>			

Department of the Treasury - FY 1999 Program Performance Report

Treasury Objective: Strengthen Treasury's Ability to Ensure Proper and Effective Oversight of Bureau Operations

Key Trends:

Treasury's ability to effectively oversee bureau operations has expanded over the past several years. For Treasury's largest bureau, the Internal Revenue Service (IRS), the Deputy Secretary chairs the IRS Management Board, which meets monthly and includes representatives from Office of Management and Budget and National Partnership for Reinventing Government. The Board provides oversight and guidance to IRS on plans and priorities, and monitors IRS performance throughout the year. In addition, the Treasury Inspector General for Tax Administration was established in Treasury to strengthen the Department's IRS oversight capabilities.



From a Treasury-wide standpoint, one overall indicator of the effectiveness of Treasury's oversight is the extent to which its bureaus are meeting their performance targets and/or are performing above prior year levels. The trend in this area has been generally positive over the past four years (see Fig. 37).

Treasury Programs:

In addition to reviewing and approving each bureau's strategic goals, objectives and strategies, effective oversight requires that Treasury have access to accurate and timely status information on key bureau performance measures throughout the fiscal year. Such information allows the identification of potential problems in time to take corrective actions to minimize any projected shortfalls. This translates into tracking and monitoring literally thousands of individual pieces of data derived from many different data sources for hundreds of performance measures across the bureaus.

Treasury addressed this challenge through the Performance Reporting System (PRS). The PRS centralizes all of the information associated with Treasury's performance plans and performance reports. For each of Treasury's thirteen bureaus, the system contains a mission statement, and the performance goals and measures from each bureau's performance plan. Through PRS, bureaus report actual performance against target performance for each of their measures. The system can accommodate regular updates as the data is available at the bureau level. Because it is web-based, Treasury's bureaus do not need special software to access and use it.

Other characteristics of the system are:

- Performance target information is captured at both proposed and final plan stages;
- Once final targets are sent to Congress, the final plan is "locked" into the system by Treasury;
- Bureau personnel are trained to enter interim and final actual performance data; and
- Performance data is inputted by the bureaus from a variety of bureau-level systems.

Information in the system is available to all Treasury employees with access to TreasNET (the Department's intranet system), underscoring the philosophy that healthy organizations make sure their employees know how well the organization is performing. Users generate reports directly from the data fed into the system by the bureaus to give them the latest information available.

Department of the Treasury - FY 1999 Program Performance Report

FY 1999 Accomplishments and Results:

Following is a report on the performance targets in Treasury's FY 1999 Performance Plan related to this objective:

<i>Departmental Offices Performance Goal: Develop and implement policies that facilitate achievement of strategic goals for each mission area.</i>			
Progress Toward Achieving Treasury's Strategic Goals	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	Qualitative Progress	See Below
<p>Explanation of Measure: This measure looks across the Department, by mission area, at efforts toward achieving Treasury's strategic goals during FY 1999.</p> <p>Explanation of Actuals: See the Executive Summary (page 3) of this report for highlights of Treasury's FY 1999 results.</p>			

<i>Departmental Offices Performance Goal: Effective oversight of the Bureau of Public Debt (BPD), Financial Management Service (FMS), and Community Development Financial Institutions (CDFI) Fund.</i>			
Percentage of Performance Targets met by the Bureau of Public Debt (BPD), the Community Development Financial Institutions (CDFI), and the Financial Management Service (FMS)	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	90%	73%
<p>Explanation of Measure: The Under Secretary for Domestic Finance has direct oversight of these bureaus and meets regularly with them. Success in this measure is predicated upon success by the bureaus in meeting their published performance measures.</p> <p>Explanation of Shortfall: All BPD measures were met and all but one CDFI measure was met. FMS did not meet seven of its targets. The shortfall for five of these was slight and did not have an adverse effect on overall program performance. In fact, for four of the five measures, performance exceeded FY 1998 levels.</p>			

Department of the Treasury - FY 1999 Program Performance Report

Departmental Offices Performance Goal: Effective oversight of law enforcement bureaus.

Percentage of Performance Measurement Targets Met by Law Enforcement Bureaus

FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
--	90%	56%

Explanation of Measure: The Under Secretary for Enforcement has direct oversight over the Treasury law enforcement bureaus and works to assure their goals and measures are in conformance with policy. This measure reflects the success of this oversight.

Explanation of Shortfall: Enforcement bureaus' unmet performance measures were the result of a number of factors. For example, Secret Service did not meet certain investigative measures due to the necessary redirection of scarce resources to support its protective mission. ATF's unmet measures relating to taxes/fees collected were due to a decrease in total tobacco excise taxes and an increase in overall operating expenses. Increased resources requested for these bureaus in FY 2001 are intended to alleviate many of the problems that resulted in unmet performance measures. Enforcement will continue to work closely with the bureaus to assess the accuracy of bureau measures in determining effectiveness and to ensure improved future performance.

Departmental Offices Performance Goal: Develop and implement policies to facilitate achievement of strategic goals in Treasury's Enforcement mission.

Progress Toward Achieving Treasury's Enforcement Goals

FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
--	Qualitative Progress	See Below

Explanation of Measure: This measure tracks efforts toward achieving Treasury's law enforcement strategic goals during FY 1999.

Explanation of Actuals: The Office of Enforcement (OE) provided critical support and leadership in the efforts of Treasury, Justice and others to produce the first Government-wide National Money Laundering Strategy; OE led the attack on the Black Market Peso Exchange and continued efforts to extend stronger anti-money laundering provisions to the international arena through groups such as the Financial Action Task Force. Other efforts include:

- Narcotics seizures along the border between October 1, 1998 and April 30, 1999 were up 33% over the same period during the previous year; OE worked closely with Office of National Drug Control Policy (ONDCP), the Justice Department and others to develop a plan to improve the collection, sharing, and use of counter-narcotics intelligence; OE participated actively with the Justice Department in the development of the Integrated Firearms Violence Reduction Strategy, the Administration's legislative firearms package, and Gun Shows reports.
- Enforcement prepared an Administration proposal to expand the Youth Crime Gun Interdiction Initiative to additional cities; OE oversaw planning to protect U.S. officials and more than 40 world leaders/dignitaries during NATO's 50th Anniversary event.

Department of the Treasury - FY 1999 Program Performance Report

Inspector General Performance Goal: Increase the percentage of OIG recommendations accepted and implemented by Departmental and bureau managers.

Percentage of OIG Recommendations Accepted by Departmental and Bureau Managers	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	95%	95%

Explanation of Measure: This measure tracks the acceptance rate by Departmental and bureau managers of OIG recommendations included in the reports issued in the current fiscal year.

Percentage of OIG Recommendations Implemented within Twelve Months of Acceptance by Department and Bureau Managers	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	70%	79%

Explanation of Measure: This measure reflects whether OIG recommendations were implemented by bureau managers in a timely manner.

Inspector General Performance Goal: Increase the potential dollar savings that can be realized from Departmental and bureau management's implementation of OIG audit recommendations.

Amount of Potential Dollar Savings Identified from OIG Audit Recommendations	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	\$83,447,500	\$42,000,000	\$82,993,700

Explanation of Measure: This measure reflects the potential dollar savings that can be realized from Departmental and bureau management implementation of OIG audit recommendations.

Explanation of Actual: Eighty-five percent of these potential dollar savings are attributed to three non-recurring audits conducted during FY 1999.

Department of the Treasury - FY 1999 Program Performance Report

Inspector General Performance Goal: Increase the percentage of customers and stakeholders indicating that Audit's work products and services were timely, met their needs, and improved program activities; based upon survey questionnaires, follow-up reviews, and other feedback mechanisms.

Percentage of Customers Expressing Satisfaction with the Audit Program's Products and Services	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	95%	90%	92%

Explanation of Measure: This measure reflects whether Audit's products and services met customer needs, and is based on customer satisfaction surveys issued on a quarterly basis.

Inspector General Performance Goal: Enhance the impact of OIG audit activity by increasing the amount of available resources directed at areas of high priority and key areas consistent with Department and bureau strategic initiatives.

Percentage of Available Resources Addressing High-Priority Departmental and Bureau Issues	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	82%	85%	85%

Explanation of Measure: This measure reflects OIG efforts to ensure that audit resources are directed at high-priority areas consistent with Department and bureau strategic plans, as well as high-risk areas and material weaknesses identified by the Department.

Department of the Treasury - FY 1999 Program Performance Report

Inspector General Performance Goal: Provide efficient and effective investigative services in response to allegations of fraud, waste, and abuse.

Percentage of Investigations Completed within Twelve Months	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	23%	75%	62%

Explanation of Measure: This measures the timeliness of OIG investigations and is calculated based on the date a case is opened to the date the OIG issues a final Report of Investigation.

Explanation of Shortfall: During FY 1997, the Office of Investigations underwent a complete restructuring, with both staff and responsibilities transferred to the new Treasury Inspector General for Tax Administration (TIGTA). In addition, OIG closed some offices and opened others in areas where integrity risks were high, resulting in high turnover and large numbers of new investigators coming on board. The OIG's new investigative organization has already begun to address the majority of "unresolved" issues, and expects additional improvement during FY 2000.

Percentage of Customers Indicating that Investigations' Work Products were Timely, Met Their Needs, and Improved Treasury Program Activities	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	82%	80%	100%

Explanation of Measure: This measure reflects whether Investigation's products and services met customer needs, and is based on customer satisfaction surveys issued on a quarterly basis.

Total Number of Investigations Results, Total Number of Administrative Actions	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	26	52	13

Explanation of Measure: This measure reflects the total number of investigations that resulted in administrative actions.

Explanation of Shortfall: During FY 1997, the Office of Investigations underwent a complete restructuring, with both staff and responsibilities transferred to the new Treasury Inspector General for Tax Administration (TIGTA). In addition, OIG closed some offices and opened others in areas where integrity risks were high, resulting in high turnover and large numbers of new investigators coming on board. This measure will be dropped in FY 2000 and replaced with a more useful measure (% of cases accepted for adjudication that result in enforcement actions).

Department of the Treasury - FY 1999 Program Performance Report

Inspector General Performance Goal: *Provide efficient and effective investigative services in response to allegations of fraud, waste, and abuse.*

Total Number of Investigations Results: Total Number of Prosecutions	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	6	10	6

Explanation of Measure: This measure reflects the total number of investigations that resulted in prosecutions.

Explanation of Shortfall: During FY 1997, the Office of Investigations underwent a complete restructuring, with both staff and responsibilities transferred to the new Treasury Inspector General for Tax Administration (TIGTA). In addition, OIG closed some offices and opened others in areas where integrity risks were high, resulting in high turnover and large numbers of new investigators coming on board. This measure will be dropped in FY 2000 and replaced with a more useful measure (% of cases accepted for adjudication that result in enforcement actions).

Total Number of Investigations Results: Total Number of Monetary Benefits	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	\$209,455	\$350,000	\$707,633

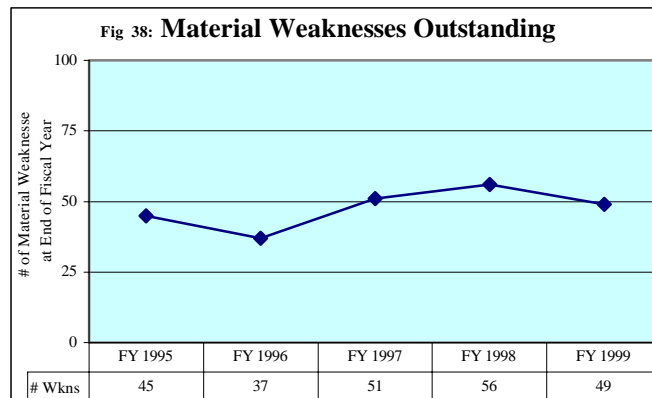
Explanation of Measure: This measure reflects the total amount of monetary benefits resulting from OIG investigations.

Treasury Objective: Ensure Strong Financial Management of Treasury Accounts

Key Trends:

Since the passage of the Chief Financial Officers (CFO) Act of 1990, Treasury has made good progress in improving management of its operating funds, the appropriations and funds that support the day-to-day operations of the Department.

The continuing improvement of the quality and timeliness of the Department's financial data, and the concurrent improvement in the management of Treasury's accounts on an ongoing basis, is largely dependent on the correction of material financial systems weaknesses. (Material weaknesses are significant problems with an organization's systems' reliability; controls on waste, fraud or abuse; mission performance; and/or compliance with laws and regulations.) Therefore, one key indicator of progress in this area is the trend in the number of "material weaknesses" identified by the General Accounting Office (GAO) and Treasury's Inspector General (OIG) associated with the Department's management controls and financial management systems.



Between FY 1998 and FY 1999, the number of material weaknesses in the Department was reduced by 12.5 percent, reversing an upward trend from the prior two fiscal years (see Fig. 38).

Treasury Programs:

Leadership and policy guidance in the area of in-house financial management is the responsibility of the Assistant Secretary for Management and CFO (ASM/CFO). The ASM/CFO has established four key implementation strategies to improve financial management within the Department.

- **Financial Systems Strategy:** Improve the timeliness, quality, and availability of financial systems information at the corporate and bureau levels by fully operationalizing Treasury's Department-wide financial information system ('CFO Vision' and TIER).
- **Performance-Based Financial Management Strategy:** Ensure administrative funds control systems are in compliance with all applicable rules/laws/regulations, including linking performance measures with budget execution.
- **Financial Reporting Strategy:** Improve the accuracy, timeliness, and utility of all accounting and financial information.
- **Internal Controls/Audit Resolution Strategy:** Reduce/prevent internal control/audit resolution "open items."

FY 1999 Accomplishment and Results:

- Progress was made in the installation of a Department-wide data warehouse that captures financial data from all Treasury entities and allows the timely analysis of bureau financial data. FY 1999 data from the system was used to produce the Departmentwide financial statements in parallel mode, with the goal of producing the FY 2000 statements solely using the new system.

Department of the Treasury - FY 1999 Program Performance Report

- The Department has also made steady improvement in the results and timeliness of its financial statement audits. The FY 1996 disclaimer of audit opinion, delivered on April 30, 1997, was improved to a qualified opinion by FY 1998, which was delivered on March 23, 1999.
- A qualified opinion was maintained on the FY 1999 statements, and the Department's Accountability Report was submitted by the March 1, 2000 deadline.

Following is a report on the performance targets in Treasury's FY 1999 Performance Plan related to this objective:

<i>Departmental Offices Performance Goal:</i> <i>Improve the timeliness, quality, and availability of financial systems information at the corporate and bureau levels by fully operationalizing SAS "CFO Vision" and TIER.</i>			
Implementation Level of SAS "CFO Vision" Utilizing Timely, Accurate, and Reliable Data from TIER to Produce the FY 1999 Treasury Financial Statements	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	100%	90%
<p>Explanation of Measure: This measure reflects the use of purchased financial reporting software to produce reliable and timely financial statements that can undergo the scrutiny of an independent audit.</p> <p>Explanation of Shortfall: For FY 1999, Treasury produced the Department's consolidated financial statements using both a new system (CFO Vision) and bureau-prepared spreadsheets. This approach enabled the Department and its auditors to ensure that the new system provides correct results before going live in fiscal year 2000. The CFO and the Office of the Inspector General agreed to this approach in July 1999. Final implementation will be completed in FY 2000.</p>			

<i>Departmental Offices Performance Goal:</i> <i>Reduce/prevent internal control/audit resolution "open items."</i>			
Net Reduction in Total Material Weaknesses from FY 1998 Baseline	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	56 (Baseline)	10%	12.5%
<p>Explanation of Measure: Treasury wants to reduce and eventually eliminate the material weaknesses that currently exist within Treasury, while simultaneously taking actions which will serve to avoid new material weaknesses. Material weaknesses are significant problems with an organization's systems' reliability; controls on waste, fraud or abuse; mission performance; and/or compliance with laws and regulations.</p> <p>For FY 1999, Treasury achieved a 12.5% net reduction in material weaknesses (24 were closed, with 17 new weaknesses identified, for an ending balance of 49 weaknesses).</p>			

Department of the Treasury - FY 1999 Program Performance Report

Departmental Offices Performance Goal: *Improve the accuracy, timeliness, and utility of all accounting and financial information.*

	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
Quality/Timeliness of Treasury-wide Financial Statement	Qualified Opinion	Qualified Opinion; Deliver by 3/1	Qualified Opinion; Delivered on 3/25

Explanation of Measure: This measures the quality of Treasury's financial statements in terms of the opinion rendered as a result of an independent audit.

A qualified audit opinion was maintained for the FY 1999 Treasury-wide financial statement. The qualification was due to the inability of the Internal Revenue Service's administrative systems to produce timely, auditable data to support the financial statements.

Explanation of Shortfall: A technical reporting issue was surfaced by Treasury's Office of Inspector General and the General Accounting Office in late February 1999. The issue was taken to Office of Management and Budget for resolution, delaying the issuance of Treasury's report.

Treasury Objective: Make Wise Information Technology (IT) Investments and Ensure Year 2000 Compliance**Key Trends:**

All of Treasury and bureau mission-critical IT and non-IT systems are now Year 2000 (Y2K) compliant. Only a couple of minor operational issues arose on January 1, 2000 as a result of Y2K problems. Attempts to measure the effectiveness of IT investment decision making are underway, but results are not available for this report.

Based upon the tenets of the Clinger-Cohen Act, Treasury proposes to broadly measure its success in this area by tracking the percentage of new IT capital investments that are implemented within costs and on schedule, and that meet their performance goals. Baseline information was established in FY 1999.

Treasury Programs:

In 1999, Treasury re-designed its capital investment processes. Among other actions, Treasury re-chartered its capital investment management group, the Treasury Investment Review Board (TIRB). The Assistant Secretary for Management (ASM)/Chief Financial Officer chairs the new TIRB. The ASM has overall responsibility for Government Performance and Results Act (GPRA) planning and budgeting. The Chief Information Officer (CIO) still controls the IT agenda for the TIRB. The IT agenda focuses on Departmentwide IT systems, including telecommunications and human resources. Critical bureau IT systems also are reviewed. The purpose of the TIRB is to review these capital investments in the context of the Department's business priorities and GPRA goals.

For the TIRB process to operate, each bureau and major office in Treasury must have a parallel investment review process. As a consequence, each bureau likewise has a CIO who participates in that bureau's investment review board, selecting, controlling, and evaluating IT investments. Those bureau investment review boards that bear the responsibility for ensuring that IT supports the critical missions of those bureaus control the vast majority of the \$1.9 billion that Treasury spends on IT each year.

To support the TIRB process, Treasury installed a new system – the Information Technology Investment Portfolio System (I-TIPS) -- to aid IT investment management at both the Department and bureau levels. The goals for senior managers in agencies using I-TIPS include:

- Agencies can ensure that their IT portfolios support each agency's business missions; i.e., agencies can review and modify their IT investments to align technology with the agency's Government Performance and Results Act (GPRA) plan and other organizational considerations;
- Agencies can develop an efficient and repeatable decision-making process to assess and rank-order IT initiatives in terms of their support of agency mission, risks, and cost and expected returns; and
- Agencies can manage IT investments in accordance with the Clinger-Cohen Act and other applicable statutory direction and guidance, as well as Government and private industry best practices.

By re-designing its investment management process and aiding that new process with automated tools like I-TIPS, Treasury intends to achieve the purposes of I-TIPS: align IT investments with the Treasury business missions, develop a repeatable investment management process, and manage IT initiatives.

Department of the Treasury - FY 1999 Program Performance Report

FY 1999 Accomplishments and Results:

Following is a report on the performance targets in Treasury's FY 1999 Performance Plan related to this objective:

<i>Departmental Offices Performance Goal: Accomplish the Y2K date change for Treasury "mission critical" IT systems.</i>			
Treasury and Bureau "Mission Critical" IT Systems that are Y2K Compliant	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	100%	100%
Explanation of Measure: This is a measure of the level of mission-critical information systems that were Y2K compliant as of January 1, 2000.			
Treasury and Bureau "Mission Critical" Non-IT Systems that are Y2K Compliant	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	100% renovated	100% renovated, tested, and implemented
Explanation of Measure: This is a measure of the level of mission-critical systems and investments (other than IT systems, such as buildings and vehicles) that were Y2K compliant as of January 1, 2000.			

<i>Departmental Offices Performance Goal: Ensure IT investments improve program performance and facilitate mission goals.</i>			
Percentage of New IT Capital Investments that are Within Costs, On Schedule, and Meeting Performance Targets (using I-TIPS system to track data)	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	Establish Baseline	Baseline Established
Explanation of Measure: Under the Clinger-Cohen Act, new IT investments must be selected, controlled, and evaluated using appropriate investment criteria established by the Treasury Investment Review Board. Treasury's system for tracking these criteria is the Information Technology Investment Portfolio System (I-TIPS).			
Explanation of Actuals: As of the end of FY 1999, all bureaus were using I-TIPS in either full or learning mode.			

Treasury Objective: Procure Quality Goods and Services at a Fair and Reasonable Price and In a Timely Manner

Key Trends:

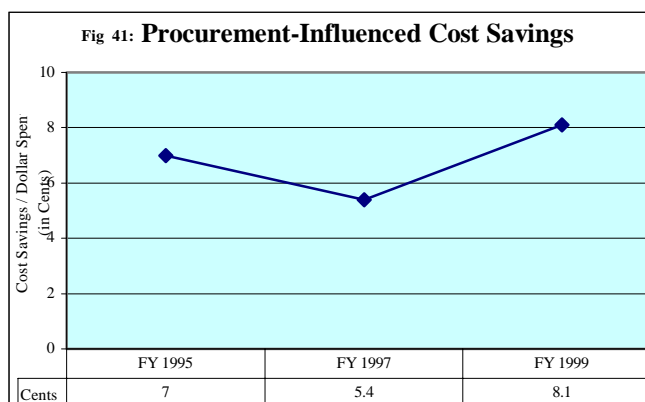
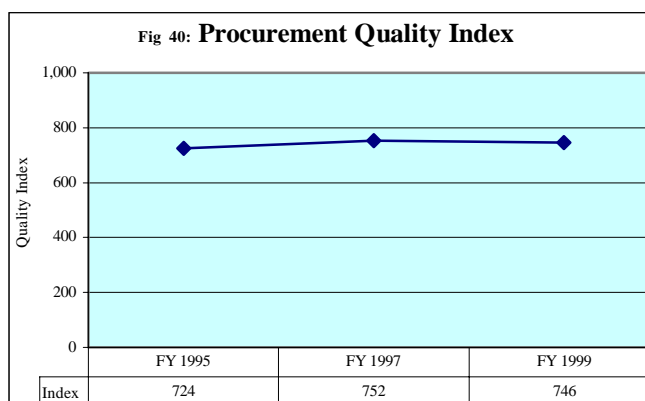
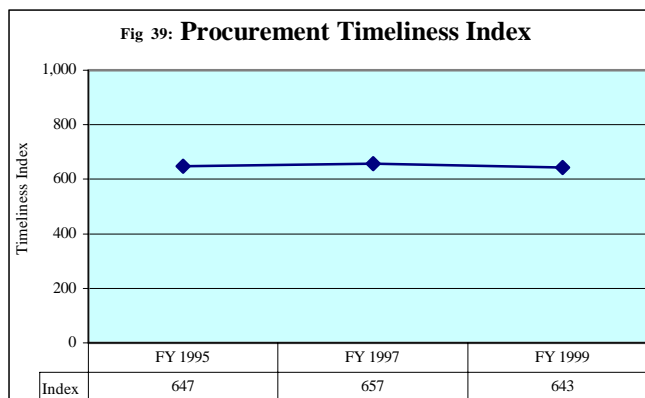
Treasury measures the effectiveness of its procurement processes using the Performance Measurement Assessment Tool (PMAT). This tool, developed by an interagency group of procurement representatives, was first baselined in 1995 and is updated about once every two years. PMAT provides quantitative assessments for 11 different aspects of procurement management, including procurement timeliness, quality, and procurement-influenced cost savings. The data for the PMAT scores come from customer, employee and self-assessment surveys.

Of the 11 areas measured, Treasury improved its performance in eight areas, remained relatively constant in two areas, and fell in only one area between 1995 and 1999. Timeliness and Quality measures have been relatively stable over the past five years (see Figs. 39 and 40), while procurement-influenced cost savings have grown (see Fig. 41). The areas showing the most significant improvement were executive leadership, acquisition excellence, acquisition data collection, and meeting mission goals.

Aside from considering the PMAT scores, Treasury believes a fundamental tenet of sound procurement policy is to maximize the use of competition in contracting. Treasury encourages the use of competition through the aggressive implementation of its Competition in Contracting Act (CICA) Program. The trend in competitive procurements has been relatively stable over the past five years, averaging roughly 88% of the dollar value of goods and services procured (see Fig. 42). However, Treasury's marks are well above the Government average of 64%.

Treasury Programs:

As Treasury moves toward the 21st Century, the demands on the acquisition professional will become greater. The acquisition professional of the future will be required to have knowledge in all facts of business, including program management, budget/finance, and information technology.

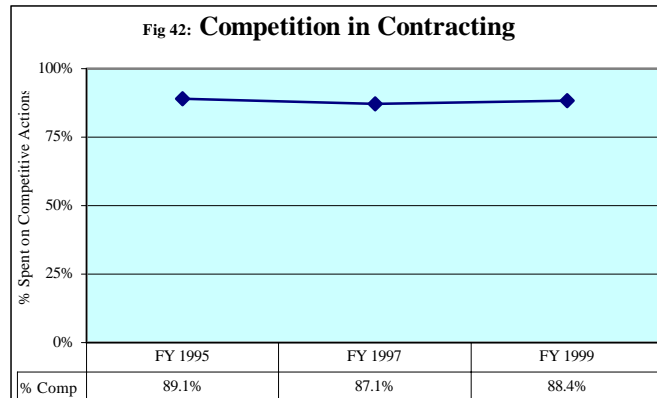


in all facts of business, including program management,

Department of the Treasury - FY 1999 Program Performance Report

The procurement professional will be relied upon to understand the technology being obtained and its impact on the overall Treasury mission. In order to meet these challenges, Treasury acquisition professionals will require more procurement and technology training, additional technological enhancements, and continued improvements to the workplace.

In addition, PMAT is evolving into a tool that will collect inputs for a wide variety of independent sources, not just surveys. As PMAT's validity and reliability is improved, Treasury plans to establish performance targets based on PMAT-measured categories in the future.



FY 1999 Accomplishments and Results:

Following is a report on the performance targets in Treasury's FY 1999 Performance Plan related to this objective:

Departmental Offices Performance Goal: Establish a certification program for procurement professionals in compliance with the Clinger-Cohen legislation.

Percentage of Procurement Personnel Who are Certified

FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
--	75%	Data Not Available

Explanation of Measure: Through the Clinger-Cohen Act, Congress established Government-wide education, training and experience requirements for procurement professionals. This measures Treasury's level of compliance with the new certification requirements.

Explanation of Actuals: In FY 1999, Treasury issued its certification program in accordance with the requirements of Clinger-Cohen. When FY 1999 goals were established, Treasury anticipated guidance would be issued on the implementation of Clinger-Cohen from the Office of Management and Budget; however no guidance was issued. Because of this delay, Treasury moved its target date to FY 2000. Treasury is reviewing the training and skill levels of its procurement professionals and will report on the results in the next performance report.

Department of the Treasury - FY 1999 Program Performance Report

Departmental Offices -- Treasury Building(s) & Annex Repair & Restoration Performance Goal: By the end of the Building Modernization and Renovation Project, DO will 1) provide minimum safety for DO employees, equipment, and information; 2) comply with building codes, regulations, and the Americans with Disabilities Act; and, 3) prevent deterioration of the Main Treasury Building.

Award Exterior Construction Contract for the Renovation of the Main Treasury Building	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	Awarded	Awarded

Explanation of Measure: This measure assesses whether a contract for exterior construction work on the Main Treasury Building was awarded during FY 1999 as planned.

Departmental Offices Performance Goal: Implement a new performance evaluation model to improve acquisition practices.

Increase in Total Treasury Cost Avoidance Realized	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	Implement model in all Bureaus	See Below

Explanation of Measure: This is a measure of costs avoided as a result of procurement-influenced actions. Cost avoidance will be realized through improved acquisition processes and captured in an automated system for all bureau procurement systems.

Explanation of Actuals: Treasury prepared a Procurement Instruction Memorandum implementing a cost avoidance metric under Performance Measurement Assessment Tool (PMAT). This metric model established the guidance for calculating, documenting and reporting cost avoidance on Treasury procurement actions. Implementation of the metric model was initiated October 1, 1999.

Treasury Objective: Expand Equal Employment Opportunities and Minority Programs

Key Trends:

Treasury's equal employment opportunities efforts are geared toward attracting, retaining and developing a diverse workforce. Key trends in this regard are comparisons of minority and non-minority representation rates in the total workforce and senior levels, as well as a comparison of the promotion rates for minority and non-minority employees.

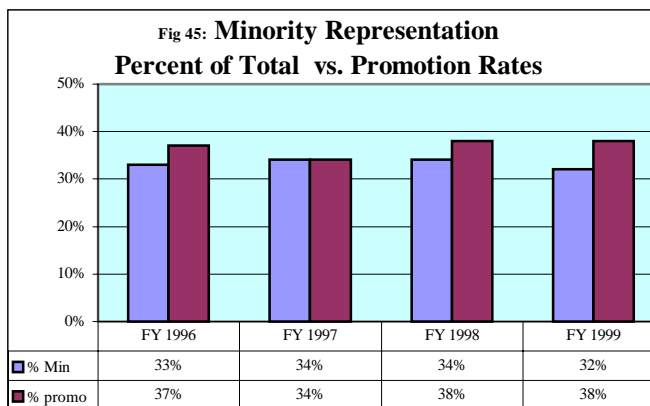
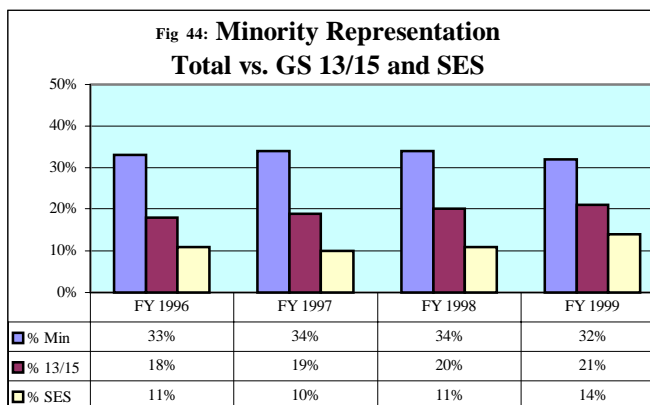
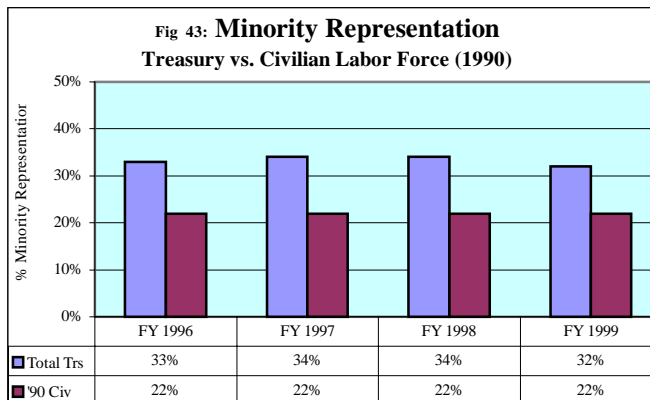
Overall, the Treasury's minority employment is significantly above the levels in the total Civilian Labor Force (22% from 1990 Census) and has remained fairly constant over the last four years, meaning that net accession and retention rates for minorities have remained level over this period (see Fig. 43).

Minority representation at both the GS 13-15 grades and the SES levels have steadily improved between 1996 and 1999 (see Fig. 44), while promotion rates for minorities are at levels above their representation in the total workforce (see Fig. 45).

Treasury Programs:

To expand the pool of minority applicants, Treasury has established partnerships with schools, including those having large minority populations, maximized the use of technology (Internet and Intranet), and used existing organizations to leverage recruitment.

Treasury continues to adopt strategies and implement programs that are aimed at training, retaining, and promoting a diverse workforce. Treasury partnered with Office of Personnel Management (OPM) to develop an executive leadership training program, to ensure that its leaders have the ability to lead the Treasury into the 21st century. One of the components is a session on diversity for leaders.



FY 1999 Accomplishments and Results:

- Treasury has attempted to have an early outreach strategy by establishing relationships with schools and universities to recruit minority students as interns and then as entry level professionals. Treasury partnered with OPM to purchase, place, and maintain twenty computer kiosks in colleges and universities and post-secondary

Department of the Treasury - FY 1999 Program Performance Report

schools with Hispanic and Black populations. The goal of this initiative is to attract a diverse number of applicants to public service by providing information about job availability in the Federal sector, the skills that are required for those jobs, and avenues to gain experience through internship programs.

- Treasury's bureaus have maximized their ability to recruit by using existing organizations such as National Association of Hispanic Federal Executives and National Organization of Black Law Enforcement Executives to promote their organizations. Bureaus have allocated funds for recruitment literature and conference recruitment in an effort to diversify the workforce.
- Treasury has identified and applied best practices utilized by Government and private industry in attracting minority applicants and employees. Treasury joined the Corporate Leadership Council which identifies and publishes best demonstrated practices focusing on the most successful corporate human resource initiatives based on its research on strategic management and change for boosting workforce productivity and quality. Treasury also gathered and shared information on promising practices from the One America Report.

Treasury Objective: Improve Customer Service

Key Trends:

In compliance with Executive Order 12862 ("Setting Customer Service Standards," September 11, 1993) Treasury bureaus developed and published customer service standards for delivery of high quality services and programs to the public.

Treasury Programs:

Treasury has made customer service improvement a Department-wide objective and several bureaus have undertaken particularly noteworthy customer service improvement programs.

- ***The Internal Revenue Service (IRS).*** IRS has aggressively pursued strategies to identify customer expectations and improve customer service. These strategies include customer satisfaction surveys designed to gauge customer service quality and satisfaction and identify specific areas for improvement. The surveys examined the level of satisfaction customers reported from interacting with the IRS whether through toll free services, walk-in services, field and office examination, or other types of services.
- ***The U.S. Mint.*** The Mint uses twelve customer service performance measures to assess customer service levels and to guide process improvements. These customer service standards include measures for processing refunds within 14 working days, processing product replacements within seven working days, and responding to written inquiries within three working days. Performance is validated by conducting customer surveys focused at three major customer segments--circulating, numismatic recurring, and bullion programs. The Mint, in redesigning its public website to include an online catalog, secure online credit card payments for product purchases and an electronic newsletter to customers, is constantly trying to reach new customers and improve service to existing customers. With the newly designed website, customers can view and purchase numismatic products more easily.
- ***The U.S. Customs Service.*** Customs has been working jointly with the Immigration and Naturalization Services (INS) and the Animal and Plant Health Inspection Service (APHIS) to provide the best traveler clearance time at airports and land borders while preventing contraband from crossing U.S. borders.

FY 1999 Accomplishments and Results:

- ***Internal Revenue Service.*** The IRS's FY 1999 Customer Satisfaction Survey asked taxpayers to rate the Service in eleven categories.

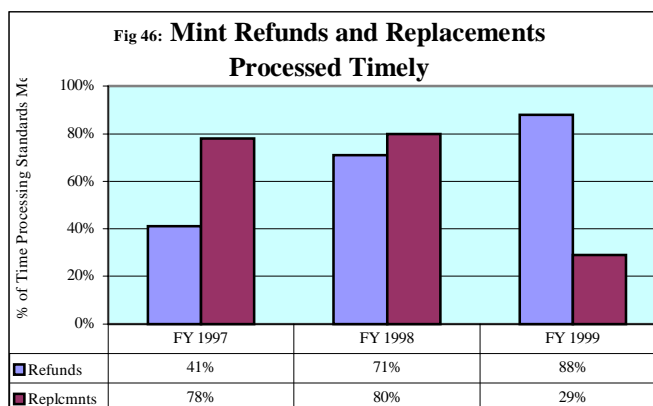
Individual income taxpayers examined by the IRS reported an average satisfaction rating of 4.1 (on a scale of 1 [low] to 7 [high]). This rating is not unexpected since these taxpayers were interacting with the IRS because of a tax audit. Although these taxpayers did not rate the IRS as highly as toll-free customers, they did give high ratings in the staff courtesy, staff professionalism, and time given to respond. Again, these survey results are an indicator of how well front-line employees provide services for taxpayers. Customers' satisfaction can vary considerably, depending upon the purpose, the number of interactions, and/or how the issue was resolved.

- ***The U.S. Mint.*** Largely because of the popularity of the 50 States Quarter program, the Mint received an historic volume of orders in FY 1999. The Mint processed 3.7 million product orders, up 76% from FY 1998. The Mint installed a new automated order system, the computer-based Mail-Order and Cataloguing System (MACS). The initial transition to MACS affected Mint performance early in FY 1999, while the heretofore unprecedented demand put strains on Mint operations later in the fiscal year. Given these factors, the Mint was able to ship 79% of its orders within the Mint's published turnaround time standards.

Department of the Treasury - FY 1999 Program Performance Report

The Mint processed 88% of customer refunds within 14 working days in FY 1999, and 29% of product replacements within 7 working days (see Fig. 46). The Mint is aggressively undertaking plans to process replacements with increasing efficiency through the continual refinement of procedures and operation of MACS.

Since first offering numismatic products for sale on the Mint's redesigned website, the Mint processed 244,219 Internet orders and generated \$15.6 million in sales revenue in FY 1999.



- The U.S. Customs Service.** Customs has established and published customer service standards in three areas: commercial importation, land border travelers, and international air travelers. Customs met all of its customer service performance standards established for passenger processing in 1999. For passengers, this means that all travelers are processed within the established standards in 90 percent of the time.

Through surveys of international travelers, Customs has learned that travelers desire an effective deterrent to smuggling but also the rapid processing of law-abiding travelers. Customs has responded with an enforcement approach that provides a deterrent to criminal activity without creating undue delays to the vast majority of the law-abiding traveling public. In a joint interagency effort with Customs, INS and APHIS, the agencies have improved customer service by processing air travelers in 5 minutes. The Passenger Service Representative Program (PSR) is an integral component of the U.S. Customs' efforts to provide the highest quality customer service possible to the international traveler. Today, PSR's are stationed at our nation's busiest airports and seaports that handle cruise ships. Efforts are under way to incorporate the program at land border ports of entry.

In a survey conducted, Customs approached International air travelers who had their baggage cleared through the Customs Service inspection within the past year. The survey asked about: the ease of filling out the Customs Declaration Form; the wait time for getting baggage cleared through Customs; the courtesy and professionalism of the Customs staff; how well travelers understood the reasons for the Customs inspection; and how well the Customs Service performed its job. Customs discovered the air travelers who go through Customs find it very easy to fill out the Declaration Form; Customs staff is viewed as very courteous and professional; and air travelers understand the mission of the Customs Service and the reasons for Customs inspections. Of the survey respondents, 51% of the applicants are more satisfied now than two years ago.

Department of the Treasury - FY 1999 Program Performance Report

Following is a report on the performance targets in Treasury's FY 1999 Performance Plan related to this objective:

U.S. Mint Performance Goal: *Customer Service Standards associated with the "Circulating Coinage" budget activity.*

Maintain FRB Inventory At or Above Minimum Level	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	81.8%	100%	42.3%

Explanation of Measure: This measure is used to evaluate the Mint's ability to meet the minimum inventory levels required by the Federal Reserve Banks (FRB). Data to measure performance is obtained from the Mint and FRB coin inventory reports.

Explanation of Shortfall: The FY 1999 actual minimum inventory levels fell below planned levels for two reasons: the introduction and resounding popularity of the 50 States Quarter Program; and unexpected demand for all denominations of coins. These factors challenged the Mint's procurement, production and distribution capabilities and thus forced the Mint to tap coin inventories to meet demand. The Mint began accelerating its capital improvement program to deploy more and higher speed manufacturing equipment and technology to boost productivity and expects to rebuild inventories in FY 2000.

Federal Reserve Bank Customer Satisfaction Survey Score	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	85%	91%

Explanation of Measure: This measure is used to indicate the level of customer satisfaction of one of the Mint's most important customers, the Federal Reserve Banks. The Federal Reserve's twelve district banks are surveyed annually to measure their satisfaction with the Mint's product, customer service, and delivery.

Department of the Treasury - FY 1999 Program Performance Report

U.S. Mint Performance Goal: Customer Service Standards associated with the "Numismatic and Bullion Coinage" budget activity.

Percentage of Calls Returned within One Working Day	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	100%	100%	98%

Explanation of Measure: This measure is used to evaluate the timeliness in returning customer phone calls regarding numismatic and bullion coinage products.

Explanation of Shortfall: In 1999, the Mint was able to use the Internet as a medium to market its products and take customer orders. Also in FY 1999, household limits were set on certain products to ensure that they would be available to the broader coin-collecting public. These two factors led to large increases in phone calls and written customer correspondence, affecting the customer service staff's ability to meet this goal. As experience is gained in working within both new and traditional technologies and policies, the Mint fully expects to "match the best in the business" in FY 2000 and beyond in customer service quality.

Percentage of Refunds Processed within 14 Working Days	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	71%	100%	88%

Explanation of Measure: This measure is used to evaluate the timeliness in processing customer refunds for numismatic and bullion coinage products.

Explanation of Shortfall: The Mint installed a new order handling computer system called MACS. Unfamiliarity with the new system in the first few months of implementation negatively impacted aggregate performance results in FY 1999. The percent of refunds processed within 14 working days did increase from the reported mid-year result of 82% to the final 88%. This improvement occurred even as the Mint's numismatic orders increased to heretofore unprecedented volumes. As experience is gained in working within both new and traditional technologies and policies, the Mint fully expects to "match the best in the business" in FY 2000 and beyond in customer service quality.

Percentage of Replacements Processed within 7 Working Days	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	80%	100%	29%

Explanation of Measure: This measure is used to evaluate the timeliness in processing replacements to customers of numismatic and bullion coinage products.

Explanation of Shortfall: The Mint installed a new order handling computer system called MACS. Unfamiliarity with the new system in the first few months of implementation negatively impacted aggregate performance results in FY 1999. Performance has improved with training, experience, refinement of procedures, and policy adjustments. In addition to MACS implementation, the Mint experienced extraordinary customer demand driven by increased sales of numismatic products. The number of numismatic pieces sold during FY 1999 increased 56.5% over FY 1998. This rapid growth in numismatic activity coupled with the MACS implementation impacted the Mint's performance in this customer service standard. As experience is gained in working within both new and traditional technologies and policies, the Mint fully expects to "match the best in the business" in FY 2000 and beyond in customer service quality.

Department of the Treasury - FY 1999 Program Performance Report

U.S. Mint Performance Goal: Customer Service Standards associated with the "Numismatic and Bullion Coinage" budget activity.

Percentage of Times a Response to Written Inquiries is Mailed within 3 Business Days	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	86%	100%	81%

Explanation of Measure: This measure is used to evaluate the timeliness in returning customers' written inquiries regarding numismatic and bullion coinage products.

Explanation of Shortfall: In 1999, the Mint was able to use the Internet as a medium to market its products and take customer orders. Also in FY 1999, household limits were set on certain products to ensure that they would be available to the broader coin-collecting public. These two factors led to large increases in phone calls and written customer correspondence, affecting the customer service staff's ability to meet this goal. As experience is gained in working within both new and traditional technologies and policies, the Mint fully expects to "match the best in the business" in FY 2000 and beyond in customer service quality.

Percentage of Times that Bullion Coins are Made Available within 6 Calendar Days from the Order Date	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	100%	100%	100%

Explanation of Measure: This measure is used to evaluate the availability to customers of bullion coinage products.

Provide a 95 Percent Average Quality Rate on All Customer Service Calls	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	100%	100%

Explanation of Measure: This measure is used as a quality indicator regarding customer service for numismatic and bullion coinage products.

Department of the Treasury - FY 1999 Program Performance Report

U.S. Mint Performance Goal: Customer Service Standards associated with the "Numismatic and Bullion Coinage" budget activity.

Customer Service Phone Calls Answered by Live Agent within 17.5 Seconds	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	90%	43%

Explanation of Measure: This measure is used to evaluate the timeliness in answering incoming phone calls for customer service.

Explanation of Shortfall: In 1999, the Mint was able to use the Internet as a medium to market its products and take customer orders. Also in FY 1999, household limits were set on certain products to ensure that they would be available to the broader coin-collecting public. These two factors led to large increases in phone calls and written customer correspondence, affecting the customer service staff's ability to meet this goal. As experience is gained in working within both new and traditional technologies and policies, the Mint fully expects to "match the best in the business" in FY 2000 and beyond in customer service quality.

Percentage of Times that Customer Correspondence is Responded to within 3 Business Days	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	--	90%	60%

Explanation of Measure: This measure is used to evaluate the timeliness in responding to customer correspondence regarding numismatic and bullion coinage products.

Explanation of Shortfall: In 1999, the Mint was able to use the Internet as a medium to market its products and take customer orders. Also in FY 1999, household limits were set on certain products to ensure that they would be available to the broader coin-collecting public. These two factors led to large increases in phone calls and written customer correspondence, affecting the customer service staff's ability to meet this goal. As experience is gained in working within both new and traditional technologies and policies, the Mint fully expects to "match the best in the business" in FY 2000 and beyond in customer service quality.

Treasury Objective: Foster Partnerships with Customers and Stakeholders to Achieve Objectives

Treasury Programs:

Treasury bureaus have intensified partnering with regulated industries and businesses, labor unions, Government agencies, and non-Governmental agencies to gather expertise, information and resources to facilitate the effective delivery of services and programs.

Treasury has made partnering with customers and stakeholders a Department-wide objective and several bureaus have undertaken particularly noteworthy customer service improvement programs. For example, the Financial Crimes Enforcement Network (FinCEN), the U.S. Mint and the Financial Management Service (FMS), as noted below, have worked effectively with customers and stakeholders to achieve the mission and goals of the Treasury.

FY 1999 Accomplishments and Results:

- ***Financial Crimes Enforcement Network.*** Financial crimes such as money laundering are transcending across borders through information technology and a global economy. In response to this, FinCEN continued to conduct meetings and conferences in FY 1999 with the law enforcement, regulatory, and financial communities to design workable and cost-efficient anti-money laundering standards.

In addition, FinCEN continued providing information to international Financial Intelligence Units (FIUs) in support of their anti-money laundering activities and conversely, requesting and receiving information from FIUs on behalf of U.S. domestic law enforcement anti-money laundering investigations. In FY 1999, FinCEN had 217 investigative information exchanges coordinated with international FIUs; exceeding its performance target of 100-120.

- ***U.S. Mint.*** In fiscal year 1999, the Mint entered into several partnerships to promote the 50 State Quarters Program (Q50). Sesame Street's Kermit the Frog served as "spokesfrog" for print and television advertisements and Hallmark Gold Crown stores and the *Hallmark Collections Catalog* offered holiday gift products fashioned from 50 State Quarters.

In FY 1999, the Mint and its labor union, the American Federation of Government Employees (AFGE) reached its 6th National agreement, the first national contract agreement negotiated under Partnership in the Federal Government. Through the Mint-AFGE partnership, employee union representatives and management representatives together continued to improve customer service; launched Front Line Leadership Training for every supervisor and union steward to develop managerial skills; and formed Manufacturing Excellence Teams to identify cost-reductions and savings for the Mint's operations. The Mint and AFGE together sought and received its third Sturdivant National Partnership Award in 1999 for recognition of its successful labor-management partnership.

- ***Financial Management Service.*** FMS continued working closely with the Departments of Education, Agriculture, Housing and Urban Development, Veterans Affairs, and Health and Human Services and the Small Business Administration to encourage debt referrals for the increased collection of non-tax delinquent debt owed to the U.S. Government. In FY 1999 FMS worked with the Department of Health and Human Services' Office of Child Support Enforcement and state agencies to collect delinquent child support payments owed to states and territories. FMS also continued conducting educational outreach programs to inform representatives from Federal and state agencies about the Treasury Offset Program (TOP), a program designed to assist agencies in the collection of delinquent debts. Partnerships with state and Federal agencies have encouraged more debt referrals to the Treasury; thus allowing FMS to collect more money owed to the U.S. Government.

Department of the Treasury - FY 1999 Program Performance Report

Treasury will continue to foster partnerships with customers and stakeholders. By working continuously with them, Treasury hopes to continue identifying new strategies and solutions for its economic, financial, law enforcement, and management missions

Following is a report on the performance targets in Treasury's FY 1999 Performance Plan related to this objective:

<i>Financial Crimes Enforcement Network Performance Goal:</i> Foster Partnerships with Customers and Stakeholders to Achieve Objectives.			
Number of 'Partnership Efforts' with Regulatory, Law Enforcement, and Financial Communities	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	8	6	11
Explanation of Measure: This measure is designed to evaluate FinCEN's regulatory reform goals. FinCEN's goal is to reduce the regulatory burden on financial institutions while at the same time maintaining the benefit to law enforcement of the regulatory data collected. The effectiveness of FinCEN's regulatory proposals depends on participation of law enforcement, regulatory, and financial communities in the regulatory development process and their use of regulatory data to detect crime. FinCEN's participation goal is achieved through conducting meetings and conferences.			

Treasury Objective: Continue to Reinvent and Modernize Operations to Achieve Efficiencies**Treasury Programs:**

Since the reinvention movement within the Federal Government began, Treasury has attempted to improve performance in three areas: business practices, the use of information technology, and customer service. Reinvention and modernization continue to be Treasury-wide objectives.

The Internal Revenue Service (IRS), the U.S. Secret Service, and the Bureau of the Public Debt (BPD) have initiated several noteworthy reinvention and modernization efforts for reducing costs, meeting customers' needs and improving program performance.

The Treasury Franchise Fund is an entrepreneurial Governmental enterprise established to provide common administrative support services to other components within Treasury and/or other agencies on a competitive and fully cost-reimbursable basis. The desired result is to have internal administrative services delivered in the most effective and least costly manner. The Fund currently consists of eleven business activities.

FY 1999 Accomplishments and Results:

- ***Internal Revenue Service.*** In FY 1999, the IRS took an important step toward reworking business practices and acquiring new technology by contracting with the PRIME Alliance to provide innovative solutions to the IRS's unmet business and customer service needs. During this first year of the contract, the IRS concentrated on planning efforts that addressed three key areas (directly supporting business goals, developing an enabling infrastructure, and building management capabilities). These efforts resulted in: the implementation of a formal governance process to prioritize, approve, fund, and evaluate business systems modernization investments; the development of plans for implementing near-term projects that will provide more meaningful, timely, consistent service to taxpayers during FY 2001; and, the identification and prioritization of eleven new business systems, five of which will be started during FY 2001 with targeted benefits to the taxpaying public in FY 2002.
- ***U.S. Secret Service.*** An inspection report and customer survey indicated the turnaround time for forensic analysis was slow. Through aggressive management intervention, the Forensic Service Division responded to the slow turnaround time by forming a task group of superior fingerprint examiners to resolve cases that were older than 30 days. Management used cash awards as incentive for this team to complete work beyond their caseloads. As a result of management's response, the Forensic Services Division (FSD) reduced the average turnaround time for forensic analysis from 50 days to approximately 15 days in Fiscal Year 1999. In the same year, FSD expended approximately \$2 million in Crime Bill funding to support additional FTE's and to purchase and maintain equipment to respond to outside agency cases and the National Center for Missing and Exploited Children. This resulted in excess of \$13 million in savings from fraud and false claims cases.
- ***Bureau of the Public Debt.*** The BPD's direction towards providing electronic services has afforded customers more opportunities to conduct business through the Internet. Specifically, electronic services have allowed customers to set up investment accounts, purchase securities online, and have increased access to savings bond information. The BPD launched *Buy Direct* in FY 1999, its newest electronic service, allowing customers to buy a Treasury security through the Internet or phone. By the end of FY 1999, 40% of all *TreasuryDirect* purchases were made using *Buy Direct*. Another electronic commerce initiative launched by the BPD was "The Savings Bond Connection". The BPD spent most of FY 1999 developing and testing the system to begin offering the electronic service in FY 2000. Customers can soon purchase savings bonds directly from the BPD's website.

Department of the Treasury - FY 1999 Program Performance Report

In addition to several noteworthy reinvention and modernization efforts mentioned above, the following bureaus consist of performance targets in Treasury's FY 1999 Performance Plan related to this objective:

Franchise Fund Performance Goal: <i>Ensure business activities are self-sufficient.</i>			
Relationship of Revenues to Expenses – Consolidated Fund*	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	Equal or greater than break even	Equal or greater than break even	Equal or greater than break even
<p>Explanation of Measure: This measure reflects whether revenues exceed or are equal to expenses – a condition of self-sufficiency. Operations are intended to be supported exclusively through the revenue generated by the delivery of services. If a provider cannot adequately assess its costs such that the revenue generated is adequate to cover its expenses, then that provider will not survive in the marketplace.</p> <p>* Note: The Consolidated Fund for this account includes seven former Cooperative Administrative Support Units now operating as independent Treasury Franchise Business Activities, the Bureau of the Public Debt Administrative Resource Center, the Center for Applied Financial Management, the Federal Quality Institute, and the Inspector General Auditor Training Institute.</p>			
Current ratio – Consolidated Fund	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	1.3	1.5	1.4
<p>Explanation of Measure: The ratio represents the number of times current assets will pay current liabilities. The ratio should be at least one. A ratio of less than one indicates more current liabilities than current assets, which is not good. A ratio of two indicates twice as many current assets as current liabilities, which is preferable.</p> <p>Explanation of Shortfall: The actual results show a positive trend, despite the target being missed. The Fund used a stretch goal for FY 1999 (at 1.5), but has subsequently determined that this is unrealistic in their business environment, and that a 1.2 is more appropriate target in the future.</p>			
Results of annual audit – Consolidated Fund	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	Unqualified opinion	Unqualified opinion	Unqualified opinion
<p>Explanation of Measure: This measures the quality of the Fund's financial statements in terms of the opinion rendered as a result of an independent audit. Audits of Franchise Fund Activities and systems are an important management tool. These audits can indicate management strengths and can also identify opportunities for improvement. For FY 1999, there were no reportable deficiencies related to the financial statements, internal controls or applicable laws and regulations.</p>			

Department of the Treasury - FY 1999 Program Performance Report

Franchise Fund Performance Goal: *Ensure customers are satisfied with all aspects of service provided – quality of products, delivery, price, and conduct of business.*

	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
Customer Satisfaction Approval Rating – Consolidated Fund	91% (Corrected Actual)	91%	87%

Explanation of Measure: This measure indicates an objective level of customer satisfaction based on the results of several techniques and methodologies, including formal written surveys, complaint follow-up (written and oral), site visitations, and market research. Customer satisfaction research helps to determine the sources of competitive strengths and weaknesses. It identifies specific functional areas that need improvement and provides direction about how to improve them. In particular, customer satisfaction research helps increase customer retention and stimulate repeat purchase. Lastly, it provides an understanding of what customers think of our businesses (image) and even identify opportunities to re-position the business in the marketplace.

Explanation of Shortfall: The shortfall was primarily the result of using a composite of the various methodologies used by the business activities to monitor customer satisfaction. In addition, the 91% was a stretch goal for the Fund. Improvements to collection methods are expected during FY 2000.

	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
Sales volume growth – Consolidated Fund	109% (Corrected Actual)	10%	72%

Explanation of Measure: Growth in sales volume is one indicator that reflects both market demand and customer satisfaction with our products and services. Growth may reflect choices made by consumers based on cost, quality and added value. This measure is derived by subtracting total revenue for FY 1998 from total revenue for FY 1999, and dividing the difference by the total amount for FY 1998.

	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
Growth or Decline of Customer Base – Consolidated Fund	81%	10%	1%

Explanation of Measure: This measure indicates growth/decline over the prior year and is calculated by using customers serviced (current year)/customers serviced (prior year). Customer growth is one indicator that reflects both market demand and customer satisfaction with our products and services. Growth may reflect choices made by consumers based on cost, quality and added value.

Explanation of Shortfall: The Fund experienced a rapid growth stage in its first full year of operation (FY 1998) and decided to maintain existing customer base (and covert them into loyal customers) during FY 1999 instead of aggressively pursuing new customers -- to convert existing customers into loyal customers. The 10% target was a stretch goal.

Department of the Treasury - FY 1999 Program Performance Report

Franchise Fund Performance Goal: Ensure compliance with legal and regulatory requirements.

Results of Management Control Reviews – Consolidated Fund	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	Two Deficiencies (Corrected Actual)	No Deficiencies	No Deficiencies

Explanation of Measure: Audits of Franchise Fund Activities and systems are an important management tool. These audits can indicate management strengths and can also identify opportunities for improvement. For FY 1999 there were no reportable deficiencies related to the financial statements, internal controls or applicable laws and regulations.

Results of Annual Audit – Consolidated Fund	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	Unqualified opinion	Unqualified opinion	Unqualified opinion

Explanation of Measure: This measures the quality of the Fund's financial statements in terms of the opinion rendered as a result of an independent audit. Audits of Franchise Fund Activities and systems are an important management tool. These audits can indicate management strengths and can also identify opportunities for improvement. For FY 1999, there were no reportable deficiencies related to the financial statements, internal controls or applicable laws and regulations.

Franchise Fund Performance Goal: Ensure competitiveness.

100% Voluntary Program Participation – Consolidated Fund	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	Yes	Yes	Yes

Explanation of Measure: This measure indicates whether customers choose services from the Franchise Fund or select another service provided. Customers are permitted to exit and go elsewhere for services after appropriate notification to the service provider and be permitted to choose other providers to obtain needed services.

Department of the Treasury - FY 1999 Program Performance Report

<i>Franchise Fund Performance Goal: Ensure competitiveness.</i>			
Sales Volume Growth – Consolidated Fund	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	109% (Corrected Actual)	10%	72%
<p>Explanation of Measure: Growth in sales volume is one indicator that reflects both market demand and customer satisfaction with our products and services. Growth may reflect choices made by consumers based on cost, quality and added value. This measure is derived by subtracting total revenue for FY 1998 from total revenue for FY 1999, and dividing the difference by the total amount for FY 1998.</p>			
Results of annual audit – Consolidated Fund	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	Unqualified opinion	Unqualified opinion	Unqualified opinion
<p>Explanation of Measure: This measures the quality of the Fund's financial statements in terms of the opinion rendered as a result of an independent audit. These audits can indicate management strengths and can also identify opportunities for improvement.</p>			

<i>Franchise Fund Performance Goal: Maximize the use of private sector commercial vendor.</i>			
Percentage of Goods Sold to Private Sources	FY 1998 Actuals	FY 1999 Plan	FY 1999 Actuals
	75%	70%	75%
<p>Explanation of Measure: This measure indicates the total percentage value of business acquired from the private sector. It is calculated by total cost of goods sold over cost of goods sold by the private sector. The private sector plays an integral role in the operations of a franchise fund, providing a significant value-added element to many of the functions and services. Treasury has utilized private sector providers to a great extent for technical expertise and as a short-term resource to accommodate fluctuations in demand.</p>			